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UNCLAS SECTION 01 OF 03 USOSCE 000145

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OSD FOR ISA (PERENYI)
NSC FOR DOWLEY
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SUBJECT: DAYTON ARTICLE IV - CONTACT GROUP BRAINSTORMS ON
WAY AHEAD

11. (SBU) Summary: On May 15, the Contact Group (CG), absent Italy and UK, met in Vienna with the OSCE Personal Representative (PR) for Dayton Article IV at his request to informally exchange views on the future of the Dayton Article IV regime. Most agreed with Periotto's assessment and there were no decisions taken. The CG and PR were concerned about the potential impact of Kosovo and wanted to avoid any hasty decisions. Washington, see para 10. End summary.

12. (SBU) Italian Brigadier General Periotto, the Chairman-in-Office's Personal Representative (PR) for Dayton Article IV caE*1cKA reement.

Periotto's View

13. (SBU) Periotto began with a presentation highlighting the many positive "technical" accomplishments of the Parties: lowered equipment holdings and manpower; increased transparency and confidence; a lack of significant inspection issues; and the Parties' willingness to accept more than the calculated minimum number of inspections. He then moved on to the "slow but positive" trends of the "political" side of Dayton: NATO's Partnership for Peace (PfP) for all Parties and invitation to Croatia, and the integration into EU structures including Croatia's candidate status. He also noted that there still are negative trends, such as BiH's delayed police reform, Republika Srpska's nationalism and the potential impact of Kosovo's UDI.

14. (SBU) Periotto outlined several potential scenarios for the future of Article IV, assessing that the Parties are somewhere between the first two listed below:

-- Negative trends continue, requiring continued Article IV under strong PR supervision.

-- Positive trends strengthen, allowing subsequent transfer of ownership to the Parties, closing of the PR office, and the Sub-Regional Consultative Commission (SRCC) becoming an OSCE-related body similar to the Joint Consultative Group.

-- He also listed another scenario he considered unlikely: an "implosion" occurs because of the withdrawal of one of the Parties.

Contact Group in General Agrees with PR

15. (SBU) Germany (Richter) agreed with the PR's views on technical issues, but commented that the Parties' equipment ceilings are very high compared to what they probably would receive under adapted CFE. Regarding the political side, Richter generally concurred with the PR's assessment and conclusion, with some exceptions (see below). U.S. rep (Claus), emphasizing that he had no specific guidance from Washington, agreed with Germany's assessment on the technical issues and most of the PR's assessment on political issues. Russia (Balakhin) shared most of Germany's assessments, but was less optimistic about political developments in BiH, which still lacks future vision and remains divided. France (Meyer) agreed with Germany, adding that the situation in Kosovo can degrade rapidly.

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Potential Impact of Kosovo UDI

16. (SBU) Richter emphasized that Articles I and X of the General Framework Agreement for Peace in Bosnia-Herzegovina impose territorial integrity on the Parties. This binds Kosovo to the Article IV Area of Application (AoA) and means that BiH cannot recognize Kosovo, for fear of similar action by Republika Srpska. Russia began by stating that if you want to maintain the Article IV regime, you must consider Kosovo part of Serbia. Serbia has not yet agreed that Kosovo is not out of the Article IV AoA. Serbia is divided and Serbia and Montenegro are not speeding towards the EU. There are two challenges to Article IV: Kosovo UDI and the announcement by US of possibility of arms delivery to Kosovo.

PR advisor Gabrielle Defeo (Italy) and long-time German military advisor Helmut Kruse (Germany) also weighed in on Kosovo, with Kruse arguing that no Party will raise the issue at the upcoming Review Conference. The recent inspection by Croatia in Serbia was conducted without incident because the issue is above the level of implementers. Richter, however, disagreed, saying that it depends upon who is in power in Serbia in July.

17. (SBU) During a social event hosted by the U.S. on May 28, Serbian Senior Military Advisor, Lt. Gen. Milan Zaric told U.S. rep (Hester) that Serbia wanted to maintain the status quo within Article IV and did not intend to raise the issue during the upcoming Review Conference. This was an issue for higher level to work out, and it should not affect the operation level, which is working well.

Transfer of Ownership to the Parties

18. (SBU) Germany, France and Russia believe it is too early for this proposal and warned against "hasty" decisions. The U.S. also suggested that more "tactical" ownership (i.e., inspection quotas and schedules) be turned over to the Parties now, while allowing "strategic" ownership to continue to be maintained by the PR. The U.S. also welcomed any specific proposals by the PR, to include downsizing of the PR office, for CG discussion. Periotto clarified that a transfer of ownership does not mean that he or the CiO is

advocating the downsizing of the PR office and confirmed that Italy is ready to send a replacement for him when his term of assignment is over.

Adapted CFE

19. (SBU) Periotto believes that the Parties should transition to the Adapted CFE Treaty after its entry-into-force. This is several years away because current NATO members probably would have priority for accession. Regarding the potential for adapted CFE accession, Richter noted this is not a short-term solution because EIF is at least a year away and accession by the Parties will take even longer. Russia repeated old arguments and that there probably would be no movement on CFE until after the US election. (Comment: Richter raised this issue with U.S. rep after the meeting, stating that he is worried that official Russian policy is to stonewall until after the US election. End comment.)

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Sixth Article IV Review Conference, July 2-4

10. (SBU) Periotto reminded the Contact Group that it is usual practice for the CG to make a joint statement at Review Conferences and that the both the CG and PR statements should be aligned. Germany offered to provide a draft for CG discussion and sent out a draft on May 29 (passed to VCI/CCA). Request Washington's views on the contents of the letter. The U.S. suggested that it might be beneficial for the Parties to make a public announcement at the July 2008 Review Conference reaffirming their commitment to Article IV, with perhaps the CG noting this in its statement. The Parties also could, as appropriate, state their national desire to join adapted CFE when possible.
FINLEY